PRESENTATION TO STANDING COMMITTEE ON APPROPRIATIONS

Update on State Owned

Companies Q3 (Oct to Dec 2023)

PRESENTED BY:

Asset and Liability Management Division

Title:
Division

Date: 14 February 2024

national treasury
Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

2030 NDP

LAND BANK

LAND BANK

- The Land Bank has been in default since 01 April 2020. The Land Bank has recently introduced a revised liability solution to its lenders, who have since provided their initial comments on critical terms and conditions. The Land Bank is working towards the conclusion of the liability solution with lenders to cure the default position.
- The Land Bank was allocated R7 billion during the 2021 National Budget. R6.5 billion has already been (a) used to repay guaranteed lenders and (b) transferred to the Land Bank.
- National Treasury has processed the repayment of approximately R500 million to guaranteed lenders from the R1 billion allocation for the 2023/24 financial year during August/October 2023. This has reduced the government's guarantee exposure to the Land Bank to zero.
- The National Treasury is currently processing the transfer of the remaining R500 million to the Land Bank.
- The Land Bank has not yet met all the conditions relating to the equity funding from the National Treasury. The R5.1 billion equity already transferred remains in the escrow account. The remaining fiscal transfer will also be kept in the escrow account.

LAND BANK

- The Land Bank has developed a business case to enhance its (a) development and transformation (D&T) mandate and (b) financial sustainability. The business case will be implemented in three phases up to 2028.
- Since the resumption of lending activities and the launch of the Blended Finance Scheme (BFS), with the Department of Agriculture, Land Reform and Rural Development, the Land Bank has built up a significant pipeline of potential transactions for the scheme.
- The Land Bank needs to accelerate BFS disbursements to effectively support the D&T mandate of the Bank.
- It is crucial for the Land Bank to conclude the liability solution and implement its business case to reduce the uncertainty that has continued to plague the Bank since the default.

LAND BANK: FINANCIAL UPDATE

- As at end of Quarter 3 (31 December 2023), Land Bank recorded a net loss of R97 million against a budgeted profit of R99.4 million and a Prior Year (PY) profit of R580.5 million for the quarter. This is mainly driven by higher net impairment charges of R252 million, which is up R661 million y-o-y.
- Land Bank generated net interest income of R454 million, which is R196 million lower than the budget of R650 million and R87 million lower than the prior year's amount of R541 million.
- Total operating expenses were R396.9 million, underbudget by R239.6 million and R20.0 million higher than the prior year's amount of R376.9 million. The unfavourable variance to prior year is mainly as a result of higher computer and data expenses, hedge breakage costs as a result of early repayments to MIGA & KfW, higher professional fees, travel and legal costs.
- Funding Liabilities decreased to R16.6 billion (31 March 2023: R22.5 billion) due to capital and interest repayments during the year.
- Net loans and advances decreased to R13.3 billion from the R14.9 billion reported at 31 March 2023. The main contributor is the reducing gross loan book (R1.0 billion) from R18.8 billion to R17.8 billion owing to subdued disbursements and client settlements, as well as the increase in the ECL of R476 million.
- The non-performing loan portfolio has decreased from R9.8 billion in March 2023 to R9.7 billion in December 2023. The NPL ratio increased from 51.9% in September 2023 to 54.4% in December 2023 due to the declining loan book. The Gross loan book has decreased at a faster rate when compared to budget resulting in the higher NPL ratio. The 2023 NPL Strategy was augmented with additional strategies to further preserve the quality of the existing performing book, whilst reducing the NPL book.

ESKOM

ESKOM: FINANCIAL UPDATE

- Eskom's unaudited third quarter (Q3) performance of 2023/24 reported the following:
  - Eskom reported a loss after tax of R7.5 billion.
  - Net revenue grew to R228.4 billion (December 2022: R204.4 billion), largely driven by a regulatory standard tariff increase of 18.65% for Eskom's direct customers from 1 April 2023.
  - Arrear debt remains a major challenge for Eskom with total invoiced municipal arrear debt increasing to R75.4 billion as at 31 December 2023 (September 2023: R70 billion). Year-to-date increase in municipal arrear debt reported at R16.9 billion is clearly unsustainable.
  - Sales volumes were 7.5TWh (5.1%) lower than budget and deteriorated by 5TWh (3.5%) when compared to the same period in the previous financial year.
  - Primary energy costs have increased year-on-year by R12.4 billion and are reported at R128.2 billion as at 31 December 2023, nevertheless, did remain R10.1 billion below budget.
  - Gross debt securities and borrowings increased to R439.3 billion as at 31 December 2023 (September 2023: R442.7 billion).
  - Eskom's cash and cash equivalents balance amounted to R9.3 billion at 31 December 2023 (September 2023: R16.4 billion), driven largely by the debt relief being provided by Government.
  - Cash interest cover and debt service cover ratios are projected to remain below acceptable norms at 0.84 and 0.45 respectively by financial year end. The projections remain below acceptable norms as cash generated from operating activities is insufficient to cover the cost of servicing debt (both interest and capital), prompting the continued need for Government support.
- Eskom's profitability remains hampered by poor long-term financial sustainability arising from an inadequate tariff path, poor generating plant performance, escalating arrear municipal debt as well as high debt servicing costs.

ESKOM: OPERATIONAL UPDATE

- Eskom's Energy Availability Factor (EAF) reported at 55.24% (December 2022: 57.22%) remains significantly worse than the Shareholder Compact target of 65%. The decrease in EAF compared to the previous year is largely due to consistently high levels of unplanned losses (UCLF) to 32.92% (December 2022: 31.23%).
- Average unplanned unavailability over the summer period (1 September to 31 December 2023) was 15 067MW, higher than the Summer Outlook's base case assumption of 14 500MW, resulting in load shedding being implemented on 63 days, with stage 6 being required on 6 days.
- Eskom Board approved Generation operational recovery plan is geared towards improving availability to an annual EAF of 60% for the 2024 financial year, with 65% targeted in the month of March 2024. Based on Eskom's current performance, these targets are ambitious and likely unattainable.
- Eskom continues to experience an increase in partial and full load losses, which contribute significantly to the high UCLF. Partial load losses remain significantly high reported at 6 748MW (December 2022: 5 990MW). The increase in partial and full load losses contribute significantly to the high UCLF.
- Coal-fired stations recorded an average energy utilisation factor (EUF) of 96.41% for the period, with EUF over 90% at all 14 coal-fired stations and substantially above the international norm which is expected to average around 75% considering the age of Eskom's fleet.
- Eskom and IPP OCGTs were utilised frequently during the past quarter to support the power system and limit the intensity of load shedding. Eskom and IPP OCGTs generated 1 181GWh during the third quarter (September 2023: 1 267GWh). The high usage of OCGTs was necessitated by the poor Eskom generation plant performance, together with delays in other IPP programmes.
- Regarding monthly emissions limits, Eskom had 15 units operating in non-compliance with average monthly emission limits by 31 December 2023 (September 2023: 14 units). This placed 10 565W at risk of being shut down by the authorities (September 2023: 8 588MW).
- In terms of progress on the new build programme, Kusile Unit 5 was synchronised to the grid on 31 December 2023, and the unit is now contributing up to 800MW to the national grid. Commercial operation is forecast for June 2024. Eskom is still focused on the correction of the major plant defects at Medupi and Kusile power stations.

ESKOM: DEBT RELIEF

- In the February 2023 Budget Speech, the Minister of Finance (Minister) announced a debt relief package for Eskom. The Eskom Debt Relief Act (the Act) was assented by the President on 06 July 2023 and published in the Government Gazette on 7 July 2023. Under the Act, Eskom will receive support for debt servicing of R254 billion over the next three years.
- As of 31 December 2023, National Treasury had disbursed R44 billion to Eskom in the form of loans with R16 billion being converted to equity. The conversion was approved after Eskom complied with all the conditions attached to the Eskom Debt Relief Act.
- The National Treasury has introduced interest on the Eskom Debt Relief package to better reflect the cost of this arrangement with the interest charged being market related.
- The key principles in designing the interest scheme, included ensuring that the interest charged does not negatively impact Eskom’s cashflows, the terms and conditions do not impose huge administrative burden on Eskom and National Treasury, and that the interest charged is in line with market related loans.
- The implementation of the interest will commence once the Eskom Debt Relief Amendment Bill has been assented and which is currently undergoing Parliamentary governance approval processes.
- The subordinated nature of the loan will remain the same, however it will now be an interest-bearing loan.

SOUTH AFRICAN AIRWAYS (SAA)

national treasury
Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

SOUTH AFRICAN AIRWAYS (SAA): BACKGROUND

- On 30 September 2020, Cabinet approved that R10.5 billion be allocated to SAA in the Second Adjustments Appropriation Act 2020 (Act No.21 of 2020) for the implementation of the business rescue plan.
- However, the Second Adjustments Appropriation Act specifically and exclusively earmarked the entire R10.5 billion for the implementation of SAA's business rescue plan. Hence, the R2.7 billion could not be transferred to the SAA subsidiaries since the subsidiaries were not under business rescue.
- The Special Appropriation Act provided the following funding for each subsidiary:
  - South African Airways Technical SOC Ltd (SAAT) – R1 663 000
  - Mango Airlines SOC Ltd (Mango) – R819 000; and
  - Air Chefs SOC Ltd (Air Chefs) – R218 000.
- NT was requested to provide quarterly updates to Parliament on the utilisation of the R2.7 billion allocation to SAA subsidiaries.
- The R2.7 billion allocation to SAA subsidiaries forms part of the R10.5 billion that was allocated to SAA during the 2020 MTBPS.

SOUTH AFRICAN AIRWAYS (SAA): ALLOCATIONS

- In addition to the R10.5 billion allocated for the implementation of the business rescue plan, the Minister of Finance allocated R1 billion in the February 2023 budget for the settlement of outstanding business rescue obligations.
- The allocation to SAA was subject to several conditions which the airline has made progress regarding compliance:
  - i. Funds are specifically and exclusively appropriated to settle outstanding business rescue plan obligations;
  - ii. All government guarantees to SAA will be cancelled upon disbursement of funds;
  - iii. Takatso Consortium, to provide proof of funds for the Strategic Equity Partnership (SEP) transaction prior to its conclusion;
  - iv. National Treasury will conduct a review of the SEP agreement to ensure it does not give rise to future fiscal obligations;
  - v. SAA will continue to identify and dispose of non-core assets including implementing sustainable cost cutting initiatives which must be included in the monthly reports to the National Treasury;
  - vi. No incentive bonus pay-outs to executives during the period prior to the conclusion of the SEP transaction;
  - vii. The Shareholder Compact must be finalised in consultation with the Minister of Finance, before it is approved; and
  - viii. Within 30 days after the end of each month, SAA should provide monthly updates which must include, inter alia, forecast cash flows, revenue generation, profit and loss statement, statement of financial position.

The R2.7 billion allocation to SAA subsidiaries forms part of the R10.5 billion that was allocated to SAA during the 2020 MTBPS.

SOUTH AFRICAN AIRWAYS (SAA): FINANCIAL UPDATE

- SAA Group reported a net loss of R761 million (2022: net loss R122 million) against the budgeted profit of R92 million YTD.
- The Group's net loss consist of – a combined loss of R776 million reported by SAA (R725m) and SAAT (R51m), whilst Air Chefs (R14.2m) and Mango (R1.2m) reported a combined profit of R15 million.
- The Group reported revenue of R4.4 billion (2022: R3.6 billion), 26% less than the budgeted R5.9 billion, and the entity achieved 18% savings on operating costs (R4.8 billion) against the budget of R5.8 billion. However, the deficit in revenue, coupled with foreign exchange losses was more that the savings reported in operating costs, resulting in a net loss-making position.
- The below budget performance can be attributable to delays in the implementation of the TAU scenario which is intended to double the fleet over the period of a year with frequencies and destinations added to their ordinary schedule.
- Mango has been under voluntary business rescue since July 2021, and has not flown since.

TRANSNET

TRANSNET: BACKGROUND

- Transnet Freight Rail operations have been negatively impacted by ongoing security incidents, locomotive unavailability and the poor state of the rail infrastructure.
- Inefficiencies of the Transnet's freight rail network poses a significant risk to the South African economy and requires urgent intervention.
- The decline in freight rail is as a result of a confluence of factors which amongst others include:
  - Operational inefficiencies;
  - Theft and vandalism; and
  - Underinvestment in the network
- Port productivity is significantly lower than benchmark African and European ports (as per published studies).
- One of the conditions attached to funding provided to Transnet in 2022/23 is that an independent review led by the National Treasury of all freight corridors will be undertaken with a specific focus on identifying opportunities for operational efficiency improvements.
- The independent review is expected to commence during the last quarter of 2023/24 and be completed before the end of the second quarter of 2024/25.

TRANSNET: FINANCIAL POSITION

- The deterioration of Transnet's financial position has led to the entity being unable to settle its 2023/24 debt maturities of approximately R14 billion.

Debt maturity 2023/24	
Date	Amount (R million)
Dec-23	2 281
Jan-24	158
Feb-24	1 027
Mar-24	10 611
Total	**14 077**

- During October 2023, the Minister of Public Enterprises requested the concurrence of the Minister of Finance for the issuance of a R47 billion guarantee for Transnet.

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023
Borrowing	110.4	134.5	124.8	122.6	127.7	133.4	129.1	128.8	130.1

- Transnet has become over-reliant on refinancing (raising additional debt) as a strategy to settle maturing debt.
- Total debt levels have risen from R110 billion in 2015 to R130 billion by 2023.
- A default on any maturing debt would result in a default on the entire debt portfolio of R130 billion due to cross-default clauses.

TRANSNET: GOVERNMENT GUARANTEES

- On 29 November 2023, the Minister of Finance concurred to the request by the Minister of Public Enterprises for the issuance of a R47 billion guarantee to Transnet.
- On 22 December 2023, a Guarantee Framework Agreement (GFA) was concluded between government (with inputs from National Treasury, Department of Public Enterprises, Department of Transport and the Presidency) and Transnet.
- GFA includes conditions aimed at aligning Transnet's strategy to government policy, managing fiscal risks, driving much needed industry reforms and enhancing the quality of government's oversight.

Conditions aimed at managing fiscal risk and enhancing oversight

Guarantee Conditions
1. Submission of a Board Approved plan for the disposal of Transnet’s non-core property portfolio by 30 April 2024. Full implementation of the disposal of the non-core property portfolio should be effected by 31 March 2025.
2. Submission by 31 August 2025 of a list of all non-core assets for disposal with milestones and timelines with a focus to dispose of them in financial years 2023/24 and 2024/25.
3. Appointment an independent financial advisor to assist with building a balance sheet optimization framework and comprehensive financial model. Submission of the balance sheet optimization framework and comprehensive financial model to support the underlying assumptions of Transnet’s financial forecasts, including milestones and timelines, by 31 May 2024.
4. Any transactions undertaken in terms of Section 54 of the PFMA to be subject to approval of the Minister of Finance as well as the Minister of Public Enterprises.
5. Submission of a board approved plan to generate cash through the sale of wagons, including options that explore sale and leaseback transactions, by 31 March 2024. Full implementation of the approved plan should be completed by 31 March 2025

TRANSNET: GUARANTEE CONDITIONS

Guarantee Condition
6. Submission of a report on the planned utilisation of the cash injection from the Durban Container Terminal Pier 2 Project. Transnet is required to obtain approval from the Minister of Finance prior to utilisation of funds.
7. Submission of a report by 29 February 2024 on planned capital expenditure (split between maintenance and expansionary or new capital expenditure).
8. Appointment an independent financial advisor to assist with building a balance sheet optimization framework and comprehensive financial model. Submission of the balance sheet optimization framework and comprehensive financial model to support the underlying assumptions of Transnet's financial forecasts, including milestones and timelines, by 31 March 2024
9. Design of appropriate performance management system with clear KPIs and financial and non-financial incentives as well as consequence management for non-performance across the business by 31 March 2024. Adherence to these guarantee conditions should form part of the shareholder compact and should form part of the KPIs for the executive management of Transnet
10. Reduction in operational expenses (before EBITDA) as reported for the financial year ended 31 March 2024 by 4% and additional savings for the financial year ended 31 March 2025.
11. Submission of a reconciliation of R2,900,000,000 (two billion, nine-hundred million) allocated to Transnet in the Special Appropriation Act No. 18 of 2022 which was provided for the maintenance of locomotives, including milestones and timelines thereof by 31 January 2024

TRANSNET: GUARANTEE CONDITIONS…2

Guarantee Condition
12.Transnet to require the approval of the Minister of Finance of the terms of the financing raised against the Guarantee before concluding any agreements.
13.The guarantee provided in terms of this Agreement shall be ring-fenced solely for the purpose of securing new debt. The ring-fenced guarantee shall not be available to cover any exiting obligations of Transnet.
14.Establishment of a monitoring committee, convening monthly and comprising representatives from the National Treasury and the Department of Public Enterprises and Department of Transport to monitor, amongst others, Transnet’s financial performance, progress with developing and implementing the turnaround plan and compliance with the conditions of the Guarantee. The Monitoring Task Team will remain in place until such time that both Ministers of Finance and Public Enterprises are satisfied with the sustainability of Transnet
15.Provision of weekly cash flows with explanatory summary note to the Monitoring Task Team commencing on the day that concurrence by the Minister of Finance is communicated to Transnet
16.Transnet to submit a monthly report to the National Treasury covering the following areas: • The utilisation of the Guarantee with regards to working capital, risk adjustments and sensitivities • Tracking mechanism on all conditions, commentary on any outstanding and estimated timeline by when they will be met. • Tracking mechanism of key levers from the turnaround plan. • Progress regarding the rehabilitation of long-standing out of service locomotives. • Progress regarding the reduction in operational expenditure against set target • 12-month rolling cash flow forecast to track material upcoming cash outflows and assess overall cash position. • Co-operation with the Interim Rail Regulator Capacity (IRERC) in executing its mandate and timeous compliance with information requests

TRANSNET: GUARANTEE CONDITIONS..3

Guarantee Condition
17.Submission of a comprehensive Board approved turnaround plan, which is aligned to the "Roadmap for the Freight Logistics System in South Africa", by 29 February 2024.
18.Establishment of the Infrastructure Manager as an operating division with its own management by 01 April 2025, and as a wholly owned subsidiary with a board comprising a majority of independent non-executive directors (who are not also members of the Transnet board) by 01 April 2026.
19.Development of a network statement for the rail network in consultation with all relevant stakeholders by 30 April 2024. The network statement should include a standard access agreement as well as a longer-term framework agreement for rail operators.
20.A Container Corridor Operating Lease Project should be implemented by 30 November 2024.
21.Commencement of open access on all lines as required by the National Rail Policy by 30 September 2024.
22.Establishment of the National Ports Authority as a wholly owned subsidiary by 30 September 2024.
23.Submission of a board approved business case, incorporating ownership by the private sector, for the development and operation of a chrome and magnetite terminal in the Port of Richards Bay and a new bulk Manganese Terminal in the Port of Ngqura by 31 March 2024.
24.Implementation of a code of conduct for all staff allocated to the Infrastructure Manager by 30 September 2024. Implementation of transfer pricing regime to ensure that all commercial arrangements between the Infrastructure Manager and Transnet Freight Rail are conducted on an arms-length or market related basis(by 01 April 2025).

The Minister of Finance may, in terms of section 66 and 70 of the PFMA, impose additional conditions from time to time as occasion requires

SOUTH AFRICAN POST OFFICE (SAPO)

SOUTH AFRICAN POST OFFICE: BACKGROUND

- SAPO was placed in provisional liquidation by an order of Court on 9 February 2023 following a successful application by a group of creditors. The provisional liquidation was as a result of SAPO being unable to pay its debts to creditors.
- Cabinet approved that SAPO be placed under voluntary business rescue based on the DCDT's business continuity report. On 10 July 2023 SAPO was effectively placed in business rescue.
- Business rescue practitioners have been appointed and have commenced work with the SAPO.
- A monitoring task team has been established comprising of DCDT, National Treasury and SAPO officials to monitor progress of the business rescue process.
- SAPO was recapitalised with R2.4 billion for the implementation of the Post Office of Tomorrow Strategy. This was prior to the entity receiving provisional liquidation order.
- The business rescue practitioner submitted and presented the final business rescue plan to the monitoring task team and the plan was subsequently approved by SAPOs group of creditors in December 2023.
- Engagements are ongoing between DCDT and National Treasury on the business rescue plan.

SOUTH AFRICAN POST OFFICE: CONDITIONS

- Conditions attached to the R2.4 billion allocation:
  I. SAPO to submit to National Treasury and DCDT all the reports that have been produced in relation to financial misconduct.
  II. SAPO to submit reports from 1 April 2019 to Q3 2022/23 on how the people who were identified as being responsible for such financial misconduct have been dealt with by 31 December 2023.
  III. SAPO to provide confirmation that no bonus payments and salary increases will be implemented including historical commitments, while the entity is receiving government recapitalisation funding.
  IV. SAPO must provide a detailed report on the causes of the financial collapse of the entity (both internal and external factors) and explain why the previous turnaround plans have failed to be successfully implemented.
  V. The R2.4 billion should be used as part of the business rescue process if granted by the court.
  VI. DCDT to appoint an independent valuator to evaluate all the property listed by SAPO for disposal prior to disposal and provide progress report on the appointment process by 15 September 2023 and conclude the process by 31 December 2023.

SOUTH AFRICAN POST OFFICE: FINANCIAL UPDATE

- SAPO’s unaudited quarter (Q3) 2023/24 performance continues to decline, with SAPO reporting only 7% achievement of its total 15 key performance indicators (KPIs).
- SAPO recorded a R976.6 million net loss in Q3 against its annual target of R1.5 billion.
- Revenue generated of R497.3 million was 28% below budget and 20% below prior year YTD actual. The reasons for the underperformance were among others branch closures, load shedding and suppliers suspending their services due to non-payment.
- The operating expenditure actual amount for Q3 was R859 million, 33% below budget, and a decrease from prior year by 309 million (26%).
- While operating costs are reducing due to stringent cost containment measures being implemented by SAPOs business rescue practitioner, it continues to exceed revenue with staff costs being the main contributor to the high operating expenses.
- SAPO had 1 050 operational branches as at 31 December 2023, of which 680 are conventional offices, the rest are points of presence type. Focus is on making paying outstanding rental and municipal accounts. Most of the offices however are in need if maintenance and refurbishment.
- It must be noted that part of the business rescue plan is to significantly reduce the number of post office branches.
- As at 31 December 2023, SAPO’s outstanding liabilities was R4.8 billion. No government guarantees are currently in place for SAPO.

DENEL

DENEL: BACKGROUND

- Due to ongoing liquidity constraints, Denel revised its turnaround plan in 2021.
- The turnaround plan initiatives include the disposal of non-core assets, consolidating core capabilities, and achieving growth through collaborations.
- The turnaround plan has a funding requirement of R5.203 billion, of which Denel committed to raise circa R1.8 billion through the disposal of identified non-core assets. The remaining balance of R3.378 billion was allocated through the Special Appropriation Act 2022, subject to meeting certain pre- and post-disbursement conditions.
- To date, Denel has drawn down R2.203 billion. The remaining portion of the allocated funds (R1.175 billion) has been ringfenced by Denel and only to be drawn down when realising proceeds from the sale of the remaining non-core assets. This enforces accountability on Denel to follow-through on these augmenting initiatives.
- Denel has been unable to finalise any other asset-disposal apart from unlocking the surplus funds from the Denel Medical Benefit Trust (DMBT). This is due to stakeholder misalignment in the defence industry, given that the anticipated Memorandum of Co-operation (MoC) to outline alignment on the identified sovereign and strategic capabilities, including the funding thereof, has been delayed and still not finalised to date.
- Despite the delays being experienced, National Treasury maintains that Denel needs to realise proceeds from the sale of non-core assets before the ringfenced portion of the recapitalisation can be accessed.

DENEL: FINANCIAL UPDATE

- As at 31 December 2023, YTD revenue was 37% behind budget amounting to R847 million compared to a YTD budget of R1.343 million. The shortfall was as a result of delays in the placement of orders by SAAF as per budget, non-delivery of spares within the required timelines and breakdown of critical machinery. The full year forecast to end of March 2024 amounts to R1.671 million against a budget of R1.972 million resulting in a 15% shortfall.
- Operating costs YTD amounted to R566 million compared to a YTD budget of R456 million. This was due to delay in implementation of cost reduction measures. Furthermore, high under recoveries due to reduced productivity at the operations.
- Denel's Earnings Before Interest and Tax (EBIT) worsened to a negative R359 million compared to the projected negative R179 million.
- Consequently, net losses deteriorated further than expected. As at 31 December 2024, Denel's realised net loss amounted to R463 million, which is 37% worse than the projected R339 million in losses. The deterioration was due to lower revenue and higher operating costs, further contributing to this is the loss from Associates primarily RDM and Barij.
- Denel remains financially vulnerable. Delivering on the turnaround plan remains priority and Denel is consistently urged to finalise its asset-disposal initiatives.

THANK YOU